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MARGARET SEYMOUR  
REGISTER OF DEEDS  
LENOIR COUNTY

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
OF FOUNTAIN HILL SUBDIVISION

**INDEXED**

THIS DECLARATION, made and entered into this the 17<sup>th</sup> day of May, 2001, by and between JAMES DAN SUTTON, II and wife, JEAN V. SUTTON, hereinafter "Developer", and JAMES L. STOCKS, hereinafter "Stocks" (Developer and Stocks being hereinafter sometimes referred to as "Declarant"); and PROSPECTIVE PURCHASERS of lots in FOUNTAIN HILL SUBDIVISION (hereinafter referred to as "Owners");

WITNESSETH

WHEREAS, Developer and Stocks are the owners of all of those certain tracts of real property located in Contentnea Township, Lenoir County, North Carolina, being known as FOUNTAIN HILL SUBDIVISION, and being more particularly shown and described on that certain map or plat entitled "FOUNTAIN HILL SUBDIVISION - PHASE 1: Lots 1-3" which map is recorded in Plat Cabinet 7, Page 201 in the office of the Register of Deeds of Lenoir County, and on that certain map or plat entitled "FOUNTAIN HILL SUBDIVISION - PHASE 2: Lots 4-13" which map is recorded in Plat Cabinet 7, Page 202 in the office of the Register of Deeds of Lenoir County, and on that certain map or plat entitled "FOUNTAIN HILL SUBDIVISION - PHASE 3: Lots 14-24" which map is recorded in Plat Cabinet 7, Page 203 in the office of the Register of Deeds of Lenoir County, reference to said plats being hereby specifically made; and,

WHEREAS, Stocks is the owner of Lots 14 through 24, and Lot A lying along Mante Drive, and Developer is the owner of Lots 1 through 13, all as shown and designated on the aforesaid maps of record; and

WHEREAS, Declarant proposes to sell and convey certain of the aforesaid lots owned by them as shown on the aforesaid plats to be used for residential purposes and to develop said lots and additional property within the Development Area which may be owned or shall be hereafter acquired by Developer, into a well planned community; and

WHEREAS, Declarant desires prior to selling and conveying the aforesaid residential lots, to impose upon their respective lots certain mutual and beneficial restrictions, covenants and conditions and charges (hereinafter collectively referred to as "Restrictions") for the benefit and complement of all of the residential lots in the subdivision in order to promote the best interests and protect the investments of Developer, Stocks, and Owners, and

WHEREAS, Declarant intends to transfer certain property such as easements, roads, Fountain Hill Lake, a boat ramp and other property for the common use of the owners of the subdivision and desire that an entity exist to take title to such property and maintain same for the

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common use of the Owners.

NOW, THEREFORE, Developer, with respect to (i) Lots 1 through 3 as shown on the aforesaid plat entitled "Fountain Hill Subdivision-Phase 1: Lots 1-3" recorded in Plat Cabinet 7, Page 201 in the office of the Register of Deeds of Lenoir County, North Carolina, and (ii) Lots 4 through 13 as shown on the aforesaid plat entitled "Fountain Hill Subdivision-Phase 2: Lots 4-13" recorded in Plat Cabinet 7, Page 202 in the office of the Register of Deeds of Lenoir County, North Carolina and Stocks, with respect to Lots 14 through 24 as shown on the aforesaid plat entitled "Fountain Hill Subdivision-Phase 3: Lots 14-24" recorded in Plat Cabinet 7, Page 203 in the office of the Register of Deeds of Lenoir County, North Carolina, hereby declares that said Lots and any additional property within the Development Area which Developer or Stocks may by subsequent amendment add to and subject to this Declaration, are held and shall be held, conveyed, encumbered, leased, rented, used, occupied and improved subject to this Declaration and to the following Restrictions. This Declaration and the Restrictions shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in and to the real property or any part or parts thereof subject to this Declaration. This declaration is intended to create a Planned Community under the North Carolina Planned Community Act as contained in Chapter 47F of the North Carolina General Statutes.

ARTICLE 1  
DEFINITIONS

As used herein:

A. "Articles" means the Articles of the Incorporation of Fountain Hill Subdivision Owners Association, Inc.

B. "Corporation" means, a North Carolina non-profit corporation. The "Executive Board" or "Board" shall be the elected body governing the Corporation and managing the affairs of the Corporation. The term "Executive Board" as used herein shall be synonymous with the term "Board of Directors" as used in Chapter 55A of the General Statutes of North Carolina.

C. "By-laws" means the Bylaws of Fountain Hill Subdivision Owner's Association, Inc.

D. "Community Use Areas" means all real and personal property, together with those areas within dedicated portions of the Development Area and the Subdivision, which may be deeded to or acquired by the Corporation for the common enjoyment of the members of the Corporation. Community Use Areas shall include roads, lakes, boat ramps, or other such properties, easements, rights or facilities which may be deeded to or acquired by the Corporation for the common enjoyment of the members of the Corporation.

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E. "Common Expenses" means and includes actual and estimated expenses of maintaining and operating the common area and operating the Corporation for general purposes, including any reasonable reserve, all as may be found to be necessary and appropriate by the Executive Board pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Corporation.

F. "Dedication" means the act of committing a portion of the Development Area or the Subdivision to the purposes of this Declaration.

G. "Developer" means JAMES DAN SUTTON, II and wife, JEAN V. SUTTON, their successors or assigns.

H. "Development Area" shall mean (i) the property owned by Developer and being described in those certain deeds recorded in Book 1077, Page 802 (and rerecorded in Book 1084, Page 318) and in Book 920, Page 375 in the Office of the Register of Deeds of Lenoir County, North Carolina, (ii) the property owned by Stocks more particularly described in Book 1147, Page 606 in the Office of the Register of Deeds of Lenoir County, and (iii) any other real property owned or which may be acquired by Developer and located within 3,000 feet of any point located within a Lot shown upon the map of Fountain Hill Subdivision, Phase 1, 2 or 3 referred to above.

I. "Lot" means a separately numbered tract of land lying within the Subdivision or other dedicated portion of the Development Area and which, according to the plat of that portion recorded at the dedication thereof, may be conveyed by the Developer and owned in fee by the Grantee thereof, and held for such uses as are consistent with this Declaration and the Restrictions covering the area wherein the tract is located. No tract of land shall become a "Lot" as that word is used herein until the area on which the same is located is "dedicated". The Owner of all of a numbered Lot may combine such numbered Lot, part or parts of another such numbered Lot and the aggregate shall be considered as one Lot for the purpose of these Restrictions.

Each Lot adjacent to "Fountain Hill Lake" includes that property lying within the extension of the side lot lines of each such Lot, along the same course of the side lines of said lot, to the mean high water line of the lake and the conveyance of a Lot shall be deemed to include said property.

J. "Subdivision" means Fountain Hill Subdivision and any portion of the Development Area which has been dedicated pursuant to this Declaration.

K. "Period of Declarant Control" means the period commencing on the date hereof and continuing until the earlier of (i) five (5) years after the date of the first conveyance of a Lot to an owner other than the Declarant; (ii) 120 days after conveyance of seventy-five percent (75%) of the Lots (including any Lots which may be created

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pursuant to special Declarant rights) to a Lot owner other than Declarant; (iii) two years after Declarant has ceased to offer units for sale in the ordinary courts of business; or (iv) the date upon which Declarant voluntarily surrenders any control rights arising under this Declaration.

ARTICLE 2  
APPLICABILITY

These Restrictions shall apply to all subdivided numbered Lots shown on the aforesaid plat or map, and additional plats or maps of subdivisions of the Development Area, (hereafter referred to as "Lot" or "Lots"), which Lots are for residential purposes only. These Restrictions shall not be applicable to any unnumbered lands or lands designated on the plat as "Reserved" or other lands of Developer or Stocks, and Developer and/or Stocks, as the case may be, is withholding these parcels from these Restrictions pursuant to its general scheme of development, the absence of Restrictions thereupon being intended to allow Developer and/or Stocks maximum flexibility in the determination of the development of such parcels.

ARTICLE 3  
OWNER'S ASSOCIATION

A. A Corporation named Fountain Hill Subdivision Owners Association, Inc. (hereinafter the "Corporation") has been or will be formed pursuant to the rules and requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina as an association of the Owners of Lots. Its purposes are to own, manage, maintain, and operate the Community Use Areas and facilities located upon the Community Use Areas; to enforce the restrictions contained herein; and to make and enforce rules and regulations governing the Owners' use and occupation of Lots.

B. Each Owner of each Lot within the Subdivision shall be a member of the Corporation. The Declarant, by this Declaration, and the Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree with respect to the Corporation:

1. That for so long as each is an Owner of a Lot within the Subdivision, each will perform all acts necessary to remain in good and current standing as a member of the Corporation;
2. That each shall be subject to the rules and regulations of the Corporation with regard to ownership of a Lot; and
3. That any unpaid assessment, whether general or special, levied by the Corporation in accordance with these Restrictions, the Articles or the Bylaws shall be a lien upon the Lot upon which such assessment was levied, and shall be

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the personal obligation of the Owner of the Lot at the time the assessment fell due.

C. Each membership in the Corporation shall relate to and have a unity of interest with an individual Lot which may not be separated from ownership of said Lot.

D. The Corporation shall have one class of members who shall be all Owners. Each member shall be entitled to one vote for each Lot owned; provided, however, when more than one person holds an interest in any Lot, all such Persons shall be members and, the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote or any fraction of a vote be cast with respect to any Lot.

ARTICLE 4  
MANAGEMENT AND ADMINISTRATION

The management and administration of the affairs of the Community Use Areas of the Subdivision shall be the sole right and responsibility of the Corporation. The management shall be carried out in accordance with the terms and conditions of these Restrictions, the Articles and the Bylaws of the Corporation, but may be delegated or contracted to managers or management services.

ARTICLE 5  
COMMUNITY EXPENSES

The Community Expenses of the Subdivision include:

A. All amounts expended by the Corporation in operating, administering, managing, repairing, replacing and improving the Community Use Areas of the Subdivision; all amounts expended by the Corporation in insuring the Community Use Areas in the Subdivision; all amounts expended by the Corporation in legal, engineering, or architectural fees; all similar fees which may be incurred by the Corporation from time to time in performing the functions delegated to the Corporation by these Restrictions; and all amounts expended in any form by the Corporation in enforcing these Restrictions, the Articles or the Bylaws.

B. All amounts expended by the Corporation in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the Bylaws.

C. All amounts declared to be Community Expenses in the Bylaws or in these Restrictions.

D. All taxes and special assessments which may be levied from time to time by any governmental authority upon the Community Use Areas in the Subdivision.

ARTICLE 6

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ANNUAL GENERAL ASSESSMENT

A. The Declarant for each Lot owned, hereby covenants and each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so expressed in such deed) is deemed to covenant and agrees to pay to the Corporation annual general assessments or charges as hereinafter provided. The annual general assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the land and, subject to the provisions of Paragraph F. of this Article, shall be a continuing lien upon the property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot.

B. The annual general assessment shall commence when assessment of same shall be made by the Executive Board. Until June 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual general assessment shall be Five Hundred and No/100 Dollars (\$500.00) per Lot.

1. From and after June 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual general assessment may be increased each year not more than ten percent (10%) above the maximum assessment allowed under subparagraph B. above without any vote of the membership.

2. From and after June 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual general assessment may be increased by an amount greater than ten percent (10%) of the assessment for the previous year provided the proposed increase is approved by a vote of two-thirds (2/3) of the members who are voting in person or by a proxy at a meeting duly called for this purpose.

3. The Executive Board may fix the annual general assessment at an amount not in excess of the maximum.

4. Once the annual general assessment has been set, notice of the annual general assessment shall be given to all members. After the initial notice of the assessment, the assessment shall become due and payable as provided by the Executive Board.

C. Written notice of any meeting called for the purpose of taking any action authorized under Paragraph B(2) shall be sent to all members not less than thirty (30)

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days, nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

D. The annual general assessments levied by the Corporation shall be used exclusively to improve, maintain and repair the Community Use Areas, to pay the expenses of the Corporation, to pay the cost of lighting the Community Use Areas, to pay the cost of any insurance the Corporation determines to purchase and to promote the recreation, health, safety and welfare of the members and to pay taxes levied upon the Community Use Areas.

E. The Corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Corporation as to the status of assessments on a Lot is binding upon the Corporation as of the date of its issuance.

F. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu therefor, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE 7  
SPECIAL ASSESSMENTS

Special assessments may be levied against Lots for such reasons as are provided in these Restrictions, the Articles or the Bylaws and on such terms as provided by the Executive Board or the members. Either the Executive Board or the members may levy and impose special assessments upon a majority vote. The purposes for which special assessments may be levied include, but are not limited to, providing funds to pay Community Expenses which exceed the general assessment fund then on hand to pay same and providing a contingency fund for capital improvements and extraordinary expenses. Furthermore, special assessments may be assessed against specific Lots. In the event the Owner of a Lot fails to comply with the provisions of Article 11 hereof, the Corporation may perform such task or remedy such matter and levy the cost of such performance against the Owner of such Lot and such Lot as a special assessment.

ARTICLE 8

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LIEN FOR ASSESSMENTS

Any general or special assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate of ten percent (10%) per annum, costs of collection, court costs, and reasonable attorneys fees shall constitute a lien against the Lot upon which such assessment is levied. The Corporation may record notice of the same in the Office of the Clerk of Superior Court of County or file a suit to collect such delinquent assessments and charges. The Corporation may file Notice of Lis. Pendens, bring an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein.

ARTICLE 9  
COMPLIANCE WITH THIS DECLARATION, THE ARTICLES  
AND THE BYLAWS OF THE CORPORATION

In the case of failure of a Lot Owner to comply with the terms and provisions contained in this Declaration, the Articles or the Bylaws of the Corporation, the following relief shall be available:

A. The Corporation, an aggrieved Lot Owner or Owners within the Subdivision on behalf of the Corporation, or any Lot Owner on behalf of all the Lot Owners within the Subdivision shall have the right to bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate.

B. The Corporation shall have the right to remedy the violation and assess the costs of remedying same against the offending Lot Owner as a special assessment.

C. If the violation is the nonpayment of any general or special assessment, the Corporation shall have the right to suspend the offending Owner's voting rights and the use by such Owner, his agents, employees and invitees of the Community Use Areas in the Subdivision for any period during which an assessment against the Lot remains unpaid.

D. The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

E. The failure of the Corporation or any Person to enforce any restriction contained in these Restrictions, the Articles or the Bylaws shall not be deemed to waive the right to enforce such restrictions thereafter as to the same violation or subsequent violation of similar character.

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ARTICLE 10  
PROPERTY RIGHTS OF LOT OWNER, CROSS-EASEMENTS,  
AND EXCEPTIONS AND RESERVATIONS BY DECLARANT;  
SPECIAL DECLARANT RIGHTS

A. Every Owner of a Lot within the Subdivision, as an appurtenance to such Lot, shall have a perpetual easement over and upon the Community Use Areas within the Subdivision for each and every purpose or use to which such Community Use Areas were intended as determined by their type, or for which such Community Use Areas generally are used. Such easements shall be appurtenant to and shall pass with the title to every Lot located within the Subdivision, whether or not specifically included in a deed thereto, subject to the following provisions

1. The Corporation shall have the right to make reasonable rules and regulations respecting the use of same.

2. The Corporation shall have the right to suspend the voting rights of a Lot Owner and his right to use the Community Use Areas within the Subdivision for any period during which any dues assessment against such Owner's Lot remains unpaid as is provided in Article 9 hereof, and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations.

3. The Corporation shall have the right to charge reasonable admission and other fees for the use of any recreation facility situated upon the Community Use Areas.

B. The Corporation hereinafter may grant easements for utility purposes for the benefit of the Subdivision and the Lots now or hereafter located thereon, over, under, along and through the Community Use Areas. Provided, however, that no such grant of easement shall have a material adverse effect on the use, enjoyment or value of any Lot.

C. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Community Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

D. Any other provision of this Declaration notwithstanding, Declarant does hereby reserve for the Period of Declarant Control, rights, powers and easements as follows:

(i) The right, at its election, without the consent of any owner or owners, to bring within the coverage and operation of these Restrictions additional properties within the Development Area as may be developed in the future. The

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addition to property authorized hereby shall be made by filing of record in the Office of the Register of Deeds of County, North Carolina, a Supplementary Declaration of Covenants, Conditions and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or appropriate in the sole judgement of the Developer to reflect the different character, if any, of the added properties and as are not inconsistent with the plan, intent and spirit of this Declaration.

(ii) To complete any and all improvements indicated on the map of record referred to herein or in any other map describing Lots which may be added to be Subdivision pursuant to the foregoing paragraph of this Article.

(iii) To construct and maintain any sales office, management office or model in any of the units or on any of the common elements shown on the Subdivision Plat.

(iv) To alter the size of any Lot, combine or merge two or more Lots, and subdivide any Lot or Lots.

(v) To appoint and remove any executive board members; provided however, not later than the conveyance of 50% of the Lots then comprising the Subdivision to owners other than the Declarant, not less than 33% of the members of the executive board shall be elected by owners other than the declarant.

(vi) To use easements through the common elements for the purpose of making improvements within the Subdivision or within real estate which may be added to the Subdivision.

(vii) To make the Subdivision part of a larger planned community or group of planned communities.

(viii) To make the Subdivision subject to a master association.

E. Developer with respect to those Lots that constitute Phase 1 and 2 of the Subdivision and Stocks as to those Lots that constitute Phase 3 of the Subdivision, reserve an easement and right of way over each Lot for the construction of roadways over ingress-egress easements, for drainage, for the installation of utilities and services and for such other purposes as Developer or Stocks, as the case may be, deem incident and appropriate to its overall development plan, such easements and rights of way being shown or noted on the aforesaid recorded plats of the Subdivision, which plats are incorporated by

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reference and made a part hereof for a more particular description of such easements and rights of way. The easements and right of way areas on each Lot shall be maintained by the Lot owner but no structures, plantings or other material shall be placed or permitted to remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems.

ARTICLE 11  
RESTRICTIONS ON USE AND OCCUPANCY

A. LAND USE AND BUILDING TYPE: No Lot shall be used except for single family residential purposes. No structure shall be erected, placed or permitted to remain on a numbered Lot other than one (1) detached, single family residence and such outbuildings as are usually accessory to a single family residence, including a private enclosed garage with space for not more than three (3) automobiles and a second story for guests and/or servants quarters which garage shall not be rented separately for remuneration. Unenclosed carports, or similar storage structures, shall not be erected, placed or permitted to remain on any lot. The foregoing restriction shall not prohibit the owner of any lot marked "This Lot Reserved for Septic Drain Field" (marked Lot A) on the map of Fountain Hill Subdivision" referred to above, or any map of any other property which may be subjected to the provisions of this instrument, from authorizing, licensing, or granting the use thereof for a septic drain field for other lots conveyed hereunder. The use of easements reserved over any portion of a Lot for egress and ingress (including the construction and maintenance of roads and installation of utilities) shall not be considered a violation of the residential use restriction contained in this paragraph.

B. DWELLING SIZE: Any dwelling constructed on a Lot subject to these Restrictions shall contain not less than eighteen hundred (1800) square feet of fully enclosed and heated floor area devoted to living purposes (exclusive of roofed or unroofed porches, terraces, garages, and any outbuildings).

C. BUILDING SETBACKS: No above grade structure (except approved fences or walls) may be constructed or placed on any lot except within the minimum building setback lines as set forth herein:

1. Forty (40) feet from a Lot front line, except the setback shall be thirty (30) feet from a Lot front line with respect to Lots 14-24.
2. Ten (10) feet from a Lot side line.
3. Fifty (50) feet from a Lot rear line with respect to any such Lot that abuts a lake, and thirty (30) feet with respect to any Lot which does not abut a lake

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provided however, the setback shall be thirty (30) feet from a rear Lot line with respect to Lots 14-24.

The term "Lot front line" defines the boundary line of a Lot that is contiguous to and bounded by a named Street as shown on the recorded subdivision plat, or in the case of a lot with a named street running across such Lot, the "lot front line" for purposes of computing the foregoing set back requirements shall be the interior edge of the right of way of such street.

The term "lot rear line" defines the boundary line of a lot that is farthest from, and substantially parallel to, the line of the Street on which the Lot abuts.

The term "lot side line" defines a boundary line that extends from the Street on which the abuts to the rear line of the Lot.

An owner of a Lot and a portion or all of an adjoining and contiguous Lot or Lots may construct a dwelling and/or other structures permitted hereunder upon and across the dividing line of such adjoining and contiguous Lots, all such structures to comply with the minimum building setback lines from the actual boundary lines of the subject owner's property, and thereafter such combinations of Lots or portions thereof shall be treated for all purposes under these Restrictions as a single Lot.

D. SEWER: All plumbing fixtures and sources of sewerage located on a Lot shall be connected to an individual septic tank or other sewer system located upon such Lot (or upon that certain Lot designated "This Lot Reserved for Septic Drain Field" on the map of Fountain Hill Subdivision - Phase 3: Lots 14-24" referred to above, or any map of any other property made subject to the provisions of this instrument, if easement for such use be granted) and approved by the appropriate governmental authorities. Each such approved individual septic tank or sewer system shall be maintained in good and proper working order and condition by the owner in accordance with the requirements of governmental authorities having jurisdiction. No outside toilet shall be constructed or permitted on any Lot except during construction as herein expressly provided.

E. GENERAL RESTRICTIONS: The following general prohibitions and requirements shall apply and control the improvement, maintenance and use of all Lots:

1. No mobile home, modular home, offsite manufactured home, trailer, camper, tent, or temporary house, temporary garage, or other temporary outbuilding shall be placed or erected on any Lot except for temporary structures for storage of materials during construction. No temporary structure shall be used at any time as a residence or be allowed to remain after construction of the dwelling upon the Lot shall be completed.

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2. Once construction of a dwelling or other improvements is started on any Lot, the improvements must be substantially completed in accordance with the approved plans and specifications within twelve (12) months from commencement.

3. During construction of improvements on any Lot, adequate portable sanitary toilets must be provided for the construction crew and the Lot must be cleaned of excess debris at least once a week.

4. All dwellings and permitted structures erected or placed on any Lot shall be constructed of material of good grade, quality and appearance, and all construction shall be performed in good and workmanlike manner and quality.

5. All Lots, whether occupied or unoccupied, shall be well maintained and no unattractive growth or accumulation of rubbish, trash, ashes, garbage or debris shall be permitted to remain thereon.

6. Any dwelling or improvement on any Lot which is destroyed in whole or in part by fire or other casualty must be rebuilt or all debris removed and the Lot restored to a sightly condition with reasonable promptness, provided, however, that in no event shall such debris remain on such Lot longer than three (3) months.

7. No stripped, partially wrecked, or junked trailer or motor vehicle, or part thereof, shall be permitted to be parked or kept on any Lot. All motor vehicles of any type kept on any Lot shall have current registration and inspection certificates.

8. No vehicle of any type shall be parked on any street. No truck nor other vehicle in excess of a one-ton load capacity nor any motor home, trailer, camper, similar vehicle or boat shall be parked or kept overnight or longer, on any Lot in such a manner as to be visible to the occupants of other Lots or the users of any street or recreation area.

9. All fuel storage tanks and outdoor receptacles for ashes, trash, rubbish or garbage shall be screened or so placed and kept as not to be visible to the occupants of other Lots or the users of any street or recreation area.

10. All outdoor poles, clotheslines and similar equipment shall be screened or so placed as not to be visible to the occupants of other Lots or the users of any street or recreation area.

11. No sign (excluding typical "For Sale" and builder identification

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signs or similar signs) billboard or other advertising structure of any kind may be erected or maintained upon any Lot; provided, however, that construction identification signs showing the Lot number and name of the builder may be exhibited upon the Lot during the period of construction.

12. No radio station or short wave operator of any kind shall operate from any Lot or residence. All radio and television antenna and satellite dish installations and all outside solar structures of any kind shall be erected in the back of the dwelling, and only one satellite dish is permitted on any Lot.

13. All dwelling connections for all utilities including but not limited to water, electricity, gas, telephone and television shall be run underground from the proper connecting points to the dwelling structure in such manner as may be acceptable to the appropriate utility authority.

14. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets in a reasonable number may be kept provided:

a. they are not kept, bred or maintained for any commercial purpose,

b. dogs shall be pets only and no hunting dogs shall be kept in outdoor dog runs or otherwise, and

c. such pets do not constitute a danger or nuisance to other Lot owners or to the neighborhood.

15. No chain link fence, as that term is generally known in this area, may be erected in any area of a Lot forward of a point fixed by the forward edge of the dwelling located upon such Lot. No side yard fence may be erected on a Lot to a height of more than four (4) feet in any area of a Lot forward of a point fixed by the forward edge of the dwelling. No fences of any type shall be erected so as to unreasonably deprive adjoining owners of light and air. Forward of a point fixed by the forward edge of the dwelling, only PVC, brick or salt treated lumber may be used for the construction of fences.

16. No noxious, offensive, or illegal trade or activity shall be carried on or upon a Lot, nor shall anything be done on a Lot that shall be or become an unreasonable annoyance or nuisance to other Lot owners or the neighborhood.

17. No underground storage tanks of any type shall be allowed on a lot.

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F. PIERS: The owners of Lots which border or abut a lake, shall have the right to construct a pier (but not more than one per lot), extending from such lot into said lake provided:

1. Such pier shall be no more than 30 feet in length.
2. Such pier shall be constructed of salt treated lumber.
3. Such pier shall be of good workmanship and maintained in a good state of repair.

ARTICLE 12  
AMENITIES AND FACILITIES

Every park, recreation area, recreation facility, dedicated access and other amenities appurtenant to the Subdivision, whether or not shown and delineated on any recorded plat of the Subdivision, shall be considered private and for the sole and exclusive use of the Owners of Lots within the Subdivision. Neither Developer's execution nor the recording of any plat nor any other act of Developer with respect to such areas is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities or amenities.

ARTICLE 13  
WAIVER

No provision contained in these Restrictions, the Articles or the Bylaws, shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any Person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

ARTICLE 14  
VARIANCES

The Executive Board in its discretion may allow reasonable variances and adjustments of these Restrictions in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a Subdivision of Lots owned in fee by various Persons with each such Owner having an easement upon areas owned by the Corporation.

To be effective, a variance hereunder shall be recorded in the Lenoir County Register of Deeds Office; shall be executed on behalf of the Corporation; and shall refer specifically to this Declaration.

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ARTICLE 15  
DURATION, AMENDMENT AND TERMINATION

A. The provisions of this Declaration and the covenants and Restrictions contained herein shall run with and bind the land until such time as the planned community provided for herein shall be terminated in accordance with the provisions of North Carolina General Statutes Section 47F-2-118. To be effective any amendment must be recorded in the office of the Register of Deeds of Lenoir County, North Carolina and a marginal entry of same must be signified on the face of this document.

B. Invalidation of any one of these covenants or Restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

ARTICLE 17  
CAPTIONS

The captions preceding the various Articles of these Restrictions are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Restrictions. As used herein, the singular includes the plural and where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations herein imposed. Throughout this Declaration, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

ARTICLE 18  
ASSIGNABILITY OF RIGHTS AND LIABILITIES

Developer shall have the right to sell, lease transfer, assign, license and in any manner alienate or dispose any rights, interests and liabilities retained, accruing or reserved to it by this Declaration. Following any such disposition, Developer in no way shall be liable or responsible to any party with regard to any such right, interest, liability or any claim or claims arising out of same in any manner.

ARTICLE 19  
LIBERAL CONSTRUCTION

The provisions of this Declaration shall be construed liberally to effectuate its purpose of creating a Subdivision of fee simple ownership of Lots and buildings governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an Owners' association with each Owner entitled to and burdened with the rights and easements equivalent to those of other Owners.

ARTICLE 20

BK 218PG0705

RESERVATION OF RIGHTS

Anything in the foregoing notwithstanding the Developer does hereby specifically reserve unto himself, his successors and assigns (whether or not it shall be so expressed in such deed) and in addition to any such rights reserved in any deed, rights with respect to the property made subject to these restrictions, said rights being as follows:

A. The right to use any lake or pond including the right to pump water therefrom for irrigation purposes.

B. The right to go upon any lot for the purpose of performing or maintaining any reclamation work required by any mining or other governmental permit by which Developer may be bound.

C. The right to use any and all roads, roadways or ingress egress easements for access to other property owned by Developer and for a period of six months from the execution of this agreement, said use may include the hauling of sand and gravel incidental to mining operations upon said other property.

IN TESTIMONY WHEREOF, Developer and Stocks have hereunto set their hands and seals, this the day and year, first above written.

James Dan Sutton, II (SEAL)  
James Dan Sutton, II

Jean V. Sutton (SEAL)  
Jean V. Sutton

James L. Stocks (SEAL)  
James L. Stocks

COPY

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NORTH CAROLINA  
*Lenoir* COUNTY

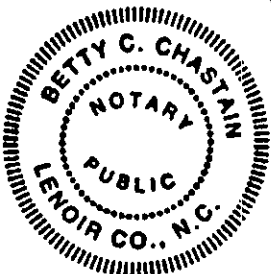
I, a Notary Public, do hereby certify that James Dan Sutton II and wife, Jean V. Sutton, personally appeared before me this day and acknowledged the due execution of the foregoing document.

Witness my hand and notarial seal, this the 19 day of May, 2001.

*Betty C. Chastain*  
Notary Public

My Commission Expires:

4-17-2004



NORTH CAROLINA  
*Lenoir* COUNTY

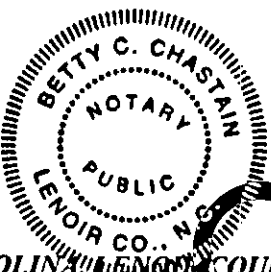
I, a Notary Public, do hereby certify that James L. Stocks personally appeared before me this day and acknowledged the due execution of the foregoing document.

Witness my hand and notarial seal, this the 17 day of May, 2001.

*Betty C. Chastain*  
Notary Public

My Commission Expires:

4-17-2004



STATE OF NORTH CAROLINA, *Lenoir* COUNTY

The foregoing Certificate of *Betty C. Chastain* of *Lenoir* County, NC is certified to be correct. This instrument and this certificate are duly registered this 17 day of May, 2001 at 3:49 o'clock P.M. in Book 1218 Page 89.

*Margaret Seaman*  
Register of Deeds, Lenoir County, NC

BY: *[Signature]*  
Deputy/Assistant